

Using Real Estate Info Wisely

By ANNA CHANG-YEN | Green Shoot Media

Reading or watching news about the real estate market can make a homeowner's head spin. You might hear that mortgage rates are up, sales are down and prices are stagnant — all in one day. How can you know when the news of the day should influence the decisions you make about your home and finances?

In the early 2000s, Fed Chairman Alan Greenspan's briefcase had its 15 minutes of fame when cable news networks watched it with a hawk's eye, noting a correlation between the thickness of his briefcase and a change in interest rates. Today's homeowners have access to a much more nuanced — and seemingly never-ending — flow of information about every facet of real estate.

Quarterly local, state and regional reports outline sales trends in painstaking detail. National headlines and news-magazine promos pique our curiosity about how the recession-recovery cycle is currently affecting our bottom line. Real estate websites such as Zillow and Redfin aim to clue in consumers about home values based on wide-ranging data; and though Greenspan's briefcase has been retired, even the suggestion of a change in interest rates can still wreak

havoc on markets.

According to a May 2016 research paper by the National Bureau of Economic Research, even our social media networks can get inside our heads when it comes to our home buying and selling decisions.

Clearly big bucks are at stake in the battle for real estate information. So how can a homeowner know who to trust before making a bold move?

1. Take your time. David Moon, a columnist for the Knoxville News-Sentinel, calls

the early 2016 market crash related to China's economic downturn "a great lesson in the importance of not making investment decisions based solely on headline news." China's economy had shown signs of trouble since 2010, he said. The Chinese government's manipulation of the GDP through massive government capital spending masked the problem, he wrote, leaving many investors in a lurch when China's financial problems became more clear. The moral of the story is to stay up to date on real

estate trends while avoiding knee-jerk reactions. Follow a few reputable sources of information to stay abreast of the market.

2. Think local. While local issues certainly can affect local markets, some regions of the U.S. survived the national housing meltdown of the mid-2000s. Local and regional issues, such as the arrival or departure of a major employer or a booming or busting industry, can have far greater impact on home values.

3. Trust your agent. Personal

REAL ESTATE 101

Buying Social

In a paper published in May 2016, researchers with the National Bureau of Economic Research found that consumers whose online friends said their home values had risen more than 5 percent over the previous two years were 3.1 percent more likely to make a home purchase over the next two years. "What's more, they are 1.7 percent more likely to purchase a bigger home, 3.1 percent more likely to pay a higher price for it, and 7 percent more likely to make a larger down payment," writes the National Association of Realtors.



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or a booming or busting industry, can have far greater impact on home values.

3. Trust your agent. Personal finance guru Dave Ramsey advises consumers to hire financial advisers with "the heart of a teacher, not the heart of a salesman." Use the same standard when hiring a real estate agent. While your agent shouldn't be your sole source of information about values and trends, real estate transactions involve a lot of your hard-earned money, and when your financial health is at stake, you should only work with an agent whose advice you value.

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HOMESWISE GLOSSARY

Public housing agency: an agency of local (or sometimes state) government, authorized to own and operate affordable housing. Typical PHAs operate a "conventional public housing" program (owning and operating public housing under Section 9 of the U.S. Housing Act) and a housing choice voucher program, although some operate only one of these programs.

SOURCE: U.S. Department of Housing and Urban Development

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